

Fiscal Service, Treasury

§ 342.9

of 1986, as amended. The notes are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

(b) *Federal income tax on notes.* An owner of savings notes who is a cash-basis taxpayer may use either of two methods for reporting the increase in the redemption value of the notes for Federal income tax purposes, as follows:

(1) Defer reporting of the increase to the year of final maturity, actual redemption, or other disposition, whichever is earlier; or

(2) Elect to report the increase for the year in which it accrues, in which case the election applies to all savings notes then owned and those subsequently acquired, as well as to any other similar obligations purchased on a discount basis.

If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting without permission from the Internal Revenue Service. For further information on Federal income taxes, the Service Center Director or District Director, Internal Revenue Service, of the taxpayer's district should be contacted.

§ 342.7 Payment or redemption.

(a) *General.* A savings note is redeemable any time one year or more after

the issue date upon its presentation and surrender, with a duly executed request for payment, to any Federal Reserve Bank or Branch referred to in § 342.9, the Bureau of the Public Debt, or to any financial institution designated as a paying agent of savings bonds.

(b) *Judgment creditors.* Payment of a savings note to the purchaser at a sale under a levy, or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgment, could not be made until one year after the issue date of the note.

[57 FR 14282, Apr. 17, 1992, as amended at 59 FR 10540, Mar. 4, 1994]

§ 342.8 Governing regulations.

Savings notes are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds, contained in 31 CFR part 315, also published as Department of the Treasury Circular No. 530, current revision, except as otherwise specifically provided herein.

§ 342.9 Fiscal agents.

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her delegate, in connection with the issue, redemption and payment of savings notes.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[59 FR 10540, Mar. 4, 1994]

§ 342.10 Reservations.

(a) *Issue of notes.* The Secretary of the Treasury reserved the right to reject any application for purchase of savings notes, in whole or in part, and to refuse to issue or permit to be issued hereunder any such notes in any case or any class or classes of cases if such action was deemed to be in the public interest. Any action in any such respect was final.

(b) *Terms.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this part, or of any amendments or supplements thereto.

PART 343—REGULATIONS GOVERNING THE OFFERING OF UNITED STATES MORTGAGE GUARANTY INSURANCE COMPANY TAX AND LOSS BONDS

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AUTHORITY: 5 U.S.C. 301; 26 U.S.C. 832; 31 U.S.C. 3102.

SOURCE: 62 FR 49914, Sept. 24, 1997, unless otherwise noted.

Subpart A—General Information

§ 343.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to paragraph 832(e) of the Internal Revenue Code of 1954, offers for sale only to companies organized and engaged in the business of writing mortgage guaranty insurance within the United States, bonds of the United States designated as Mortgage Guaranty Insurance Company Tax and Loss Bonds, hereinafter referred to as tax and loss bonds. The bonds are issued in a minimum amount of \$1,000 or in any larger amount, in increments of not less than \$1.00. This offering will continue until terminated by the Secretary of the Treasury.

§ 343.1 General provisions.

(a) *Regulations.* Tax and loss bonds are subject to the general regulations with respect to United States securities, which are set forth in the Department of the Treasury Circular No. 300 (31 CFR part 306), to the extent applicable. Copies of the circular may be obtained from the Bureau of the Public Debt, Division of Special Investments, Room 309, 200 Third St., P.O. Box 396, Parkersburg, WV 26106-0396 or downloaded from Public Debt's home page on the Internet at: <http://www.publicdebt.treas.gov/>.

(b) *Issuance.* Tax and loss bonds are issued in book-entry form on the books of the Treasury that are maintained by the Division of Special Investments. The bonds are issued with 10 or 20 year maturities as designated by the purchaser. These bonds are non-interest bearing. Any transfer by sale, exchange, assignment, pledge or otherwise, is prohibited. The bonds may be reissued as provided in § 343.4.

(c) *Fiscal agents.* Selected Federal Reserve Banks and Branches, as fiscal agents of the United States, may be